



DEPARTMENT OF STATE

Washington, D.C. 20520

October 14, 1981

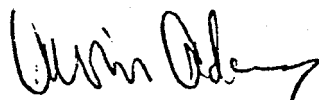
SECRET

TO : OVP - Mrs. Nancy Bearg Dyke
NSC - Mr. Allen Lenz
DOE - Mr. Peter Borre
DOC - Ms. Jean Jones
DOD - Mr. Jay Rixse
JCS - LTC Edward Bucknell
USTR - Mr. Richard Heimlich
Treasury - Mr. David Pickford
CIA - [redacted]

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SUBJECT: SIG Meeting Summary of Conclusions

Attached is the Summary of Conclusions for the SIG meeting on East-West Economic Relations held October 9, 1981.


L. Paul Bremer, III
Executive Secretary

Attachments:

1. Summary of Conclusions
2. Attendance List

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GDS 10/14/87

State Dept. review completed



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Senior Interdepartmental Group No. 11

PARTICIPANTS: See Attached Sheet

DATE AND TIME: October 9, 1981, 11:10 a.m.

PLACE: Department of State, Room 7219

SUBJECT: Yamal Pipeline Energy Alternatives

SUMMARY OF CONCLUSIONS

The SIG on East-West Economic Relations met on October 9, Under Secretary Rashish chairing.

Discussion centered on the Department of Energy paper describing elements of a U.S. alternative energy package to the Yamal project. The meeting concurred that the energy proposals alone would not be seen as persuasive in Europe. Moreover, no U.S. energy proposal adequately addressed the 'hidden agenda' of the project, which was the maintenance of West European employment levels in stagnant sectors including steel.

It was agreed that the Yamal project was open to question on the financial side, particularly in a softening oil market or if energy conservation in Europe contributed to declining demand through the decade. The project is judged marginal already by some participants. However, the meeting agreed that short-term efforts to decrease the financial attractiveness of the pipeline--for example, faster development of Norwegian gas potential or LNG sources outside the continent--would not produce useful effects in time or were themselves unattractive financially. A longer-term effort to raise questions about the financial feasibility of the pipeline, particularly its second phase if the first cannot be prevented, was preferred.

Defense introduced the notion of unilateral measures. The Chairman noted that the handling of the issue of unilateral action depends on a decision now before the President and requires further study.

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ACTION ASSIGNMENTS

State was tasked to produce, for clearance with other agencies, a strategy paper outlining U.S. policy objectives, European choices still open for decision, U.S. means of influencing European policies, and credible U.S. proposals, by COB Thursday, October 15.

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ATTENDANCE

East-West Economic Relations SIG

Friday, October 9, 11:10 a.m.

Department of State, Room 7219

State

Myer Rashish, Chairman
Robert Hormats, EB
Sandra Vogelgesang, EUR
Paul Wolfowitz, S/P
Tain Tompkins, Notetaker

OVP

William Eckert

NSC

Norman Bailey

DOE

Kenneth Dorn
Henry Thomas
Peter Borre

Commerce

Lionel Olmer
Bo Denysyk

Defense

Steve Bryen
Don Goldstein

JCS

LTG Paul Gorman
Douglas England

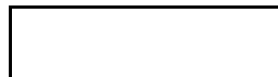
USTR

Jim Murphy

Treasury

Charles Schotta
Stephen Canner

CIA



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EXECUTIVE SECRETARIAT

Routing Slip

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Remarks:

Executive Secretary

Date